

of this title or contract markets may adopt written proficiency examinations to be given to applicants for registration and charge reasonable fees to such applicants to cover the administration of such examinations. Notwithstanding any other provision of this section, the Commission may specify by rules and regulations such terms and conditions as it deems appropriate to protect the public interest wherein exception to any written proficiency examination shall be made with respect to individuals who have demonstrated, through training and experience, the degree of proficiency and skill necessary to protect the interests of customers, clients, pool participants, or other members of the public with whom such individuals deal.

(b) The Commission shall issue regulations to require new registrants, within six months after receiving such registration, to attend a training session, and all other registrants to attend periodic training sessions, to ensure that registrants understand their responsibilities to the public under this chapter, including responsibilities to observe just and equitable principles of trade, any rule or regulation of the Commission, any rule of any appropriate contract market, registered futures association, or other self-regulatory organization, or any other applicable Federal or state¹ law, rule or regulation.

(Sept. 21, 1922, ch. 369, §4p, as added Oct. 23, 1974, Pub. L. 93-463, title II, §206, 88 Stat. 1400; amended Jan. 11, 1983, Pub. L. 97-444, title II, §215, 96 Stat. 2305; Oct. 28, 1992, Pub. L. 102-546, title II, §210(a), 106 Stat. 3607.)

AMENDMENTS

1992—Pub. L. 102-546 designated existing provisions as subsec. (a) and added subsec. (b).

1983—Pub. L. 97-444 substituted “persons required to be registered with the Commission” for “futures commission merchants, floor brokers, and those persons associated with futures commission merchants or floor brokers” in first sentence, “customers, clients, pool participants, or other members of the public with whom such individuals deal” for “the customers of futures commission merchants and floor brokers” in last sentence, and in second and third sentences struck out “as futures commission merchants, floor brokers, and those persons associated with futures commission merchants or floor brokers,” after “applicants for registration”.

EFFECTIVE DATE OF 1983 AMENDMENT

Amendment by Pub. L. 97-444 effective Jan. 11, 1983, see section 239 of Pub. L. 97-444, set out as a note under section 2 of this title.

EFFECTIVE DATE

For effective date of section, see section 418 of Pub. L. 93-463, set out as an Effective Date of 1974 Amendment note under section 2 of this title.

REGULATIONS

Section 210(b) of Pub. L. 102-546 provided that: “The Commodity Futures Trading Commission shall issue the regulations required by section 4p(b) of the Commodity Exchange Act [7 U.S.C. 6p(b)], as added by subsection (a), no later than one hundred and eighty days after the date of enactment of this Act [Oct. 28, 1992].”

¹ So in original. Probably should be capitalized.

§ 7. Designation of board of trade as “contract market”; conditions and requirements

The Commission is hereby authorized and directed to designate any board of trade as a “contract market” when, and only when, such board of trade complies with and carries out the following conditions and requirements:

(1) When located at a terminal market where any cash commodity of the kind specified in the contracts of sale of commodities for future delivery to be executed on such board is sold in sufficient volumes and under such conditions as fairly to reflect the general value of the commodity and the differences in value between the various grades of such commodity, and where there is available to such board of trade, official inspection service approved by the Secretary of Agriculture or the Commission for the purpose: *Provided*, That any board of trade not so located shall be designated as a “contract market” if such board of trade provides for the delivery of commodities on such contracts at a delivery point or points and upon terms and conditions approved by the Commission.

(2) When the governing board thereof provides for the making and filing by the board or any member thereof, as the Commission may direct, of reports in accordance with the rules and regulations, and in such manner and form and at such times as may be prescribed by the Commission, showing the details and terms of all transactions entered into by the board, or the members thereof, either in cash transactions or transactions for future delivery consummated on or subject to the rules of a board of trade, and when such governing board provides, in accordance with such rules and regulations, for the keeping of a record by the board or the members of the board of trade, as the Commission may direct, showing the details and terms of all cash and future transactions entered into by them, consummated on or subject to the rules of a board of trade, such record to be in permanent form, showing the parties to all such transactions, including the persons for whom made, any assignments or transfers thereof, with the parties thereto, and the manner in which said transactions are fulfilled, discharged, or terminated. Such record shall be required to be kept for a period of three years from the date thereof, or for a longer period if the Commission shall so direct, and shall at all times be open to the inspection of any representative of the Commission or United States Department of Justice.

(3) When the governing board thereof provides for the prevention of dissemination by the board or any member thereof of false or misleading or knowingly inaccurate reports concerning crop or market information or conditions that affect or tend to affect the price of any commodity in interstate commerce.

(4) When the governing board thereof provides for the prevention of manipulation of prices and the cornering of any commodity by the dealers or operators upon such board.

(5) When the governing board thereof does not exclude from membership in and all privileges on such board of trade any duly author-

ized representative of any lawfully formed and conducted cooperative association of producers having adequate financial responsibility which is engaged in any cash commodity business, if such association has complied, and agrees to comply, with such terms and conditions as are or may be imposed lawfully on other members of such board: *Provided*, That no rule of a contract market shall forbid or be construed to forbid the return on a patronage basis by such cooperative association to its bona fide members of moneys collected in excess of the expense of conducting the business of such association.

(6) When the governing board provides for making effective the final orders or decisions entered pursuant to the provisions of section 9 of this title, and the orders issued pursuant to the provisions of section 7a of this title, and for compliance in all other respects with the requirements applicable to such board of trade under this chapter.

(7) When such board of trade demonstrates that transactions for future delivery in the commodity for which designation as a contract market is sought will not be contrary to the public interest.

(8) When such board of trade demonstrates that every contract market for which such board of trade is designated complies with the requirements of section 7a(b) of this title.

(Sept. 21, 1922, ch. 369, § 5, 42 Stat. 1000; June 15, 1936, ch. 545, §§ 2, 6, 49 Stat. 1491, 1497; Feb. 19, 1968, Pub. L. 90-258, §§ 10, 11, 82 Stat. 29; Oct. 23, 1974, Pub. L. 93-463, title I, § 103(a), (f), (g), title II, § 207, 88 Stat. 1392, 1400; Oct. 28, 1992, Pub. L. 102-546, title II, §§ 201(c), 209(b)(2), 106 Stat. 3597, 3606.)

REFERENCES IN TEXT

Section 9 of this title, referred to in par. (6), was in the original "section 6(c)" meaning section 6(c) of act Sept. 21, 1922, ch. 369, which is classified to sections 9 and 15 of this title. See Codification note set out under section 8 of this title.

AMENDMENTS

1992—Pub. L. 102-546, § 209(b)(2), in par. (6) made technical amendment to reference to section 9 of this title to reflect change in reference to corresponding section of original act.

Pub. L. 102-546, § 201(c), redesignated pars. (a) to (g) as (1) to (7), respectively, realigned margins, and added par. (8).

1974—Pub. L. 93-463, § 103(a), substituted "Commission" for "Secretary of Agriculture" in provisions preceding par. (a).

Par. (a). Pub. L. 93-463, § 103(a), (g), substituted "official inspection service approved by the Secretary of Agriculture or the Commission for the purpose" for "official inspection service approved by the Secretary of Agriculture for the purpose" and "Commission" for "Secretary of Agriculture".

Par. (b). Pub. L. 93-463, § 103(a), (f), substituted "Commission" for "Secretary of Agriculture" and "United States Department of Agriculture".

Par. (g). Pub. L. 93-463, § 207, added par. (g).

1968—Par. (b). Pub. L. 90-258, § 10, substituted "cash transactions or transactions for future delivery consummated on or subject to the rules of a board of trade" for "cash transactions consummated at, on, or in a board of trade, or transactions for future delivery" and "consummated on or subject to the rules of a board of trade" for "consummated at, on, or in a board of trade" where appearing the second time, respectively.

Par. (f). Pub. L. 90-258, § 11, prescribed as additional conditions and requirements for designation of board of trade as contract market that governing board provide for making effective the orders issued pursuant to the provisions of section 7a of this title and for compliance in all other respects with the requirements applicable to the board of trade under this chapter.

1936—June 15, 1936, § 2, substituted "commodity", "any commodity", or "commodities", as the case may require, for "grain" wherever appearing.

Act June 15, 1936, § 6, inserted proviso in par. (a), and substituted "and" for "or" after "prices".

EFFECTIVE DATE OF 1974 AMENDMENT

For effective date of amendment by Pub. L. 93-463, see section 418 of Pub. L. 93-463, set out as a note under section 2 of this title.

EFFECTIVE DATE OF 1968 AMENDMENT

Amendment by Pub. L. 90-258 effective 120 days after Feb. 19, 1968, see section 28 of Pub. L. 90-258, set out as a note under section 2 of this title.

EFFECTIVE DATE OF 1936 AMENDMENT

Amendment by act June 15, 1936, effective 90 days after June 15, 1936, see section 13 of that act, set out as a note under section 1 of this title.

CROSS REFERENCES

Showing of compliance with conditions and requirements of this section to accompany application for designation as contract market, see section 8 of this title.

Showing of noncompliance with conditions and requirements of this section as authorizing suspension or revocation of designation as a contract market, see section 8 of this title.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 2, 6, 8, 13a of this title; title 15 section 78c.

§ 7a. Duties of contract markets

(a) In general

Each contract market shall—

(1) promptly furnish the Commission copies of all bylaws, rules, regulations, and resolutions made or issued by it or by the governing board thereof or any committee, and of all changes and proposed changes therein;

(2) keep all books, records, minutes, and journals of proceedings of such contract market, and its governing board, committees, subsidiaries, and affiliates in a manner that will clearly describe all matters discussed by such contract market, governing board, committees, subsidiaries and affiliates and reveal any action taken in such matters, and allow inspection at all times by any authorized representative of the Commission or United States Department of Justice of all such books, records, minutes, and journals of proceedings. Such books, records, minutes, and journals of proceedings shall be kept for a period of three years from the date thereof, or for a longer period if the Commission shall so direct;

(3) require the operators of warehouses in which or out of which any commodity is deliverable on any contract for future delivery made on or subject to the rules of such contract market, to make such reports, keep such records, and permit such warehouse visitation as the Commission may prescribe. Such books and records shall be required to be kept for a